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A member of VFS **universe**
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3100 Timmons, Suite 565
Houston, Texas 77027-5926
Phone 713.599.1331
Fax 713.599.1332

July 17, 2006

Sompo Japan Claims Services (America), Inc.
Two World Financial Center
225 Liberty Street, 43rd Floor
New York, NY 10281

Attention: Mr. Thomas W. Curran

RE: **M/V "OOCL NINGBO" V-17E12**
Your Ref No. : 033705
Our File No. : ATL/06 243850/TMS/POD

Dear Mr. Curran:

Enclosed with the original and two copies of our Survey Report, please find our invoice for services rendered. We trust you will find all in order.

Thanking you for this opportunity to be of service, we remain

Very truly yours,

VeriClaim, Inc.

P.O. Davidson
Patrick O. Davidson
Senior Marine Surveyor

POD/apc

Enclosures

RECEIVED

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MARINE CARGO SURVEY REPORT NO. ATL/06 243850/TMS/POD

Examined For The Account Of Whom It May Concern

At The Request Of Sampo Japan Claim Services (America), Inc.
 Two World Financial Center
 225 Liberty Street, 43rd Floor
 New York, NY 10281

Attention: Mr. Thomas W. Curran
 Your Ref.: 033705

RE: Conveyance : **M/V "OOCL NINGBO" V-17E12**
 Arrival : Long Beach, California – April 10, 2006
 B/L No. : NKS479204457, dated March 26, 2006
 Yantian / Long Beach
 Container No. : 1) NYKU 8214688
 2) NYKU 8223329
 Shipment : 1) 60 Pallets or 240 Cartons of Canon Finishers S-1 for
 Canon Copiers (FAULV73-01)
 2) 60 Pallets or 240 Cartons of Canon Finishers S-1 for
 Canon Copiers (FAULV73-02)
 Assured : Canon USA

BACKGROUND:

Survey was requested on May 10, 2006 due to reports of portion of the above shipment or Container NYKU 8214688 being involved in a train derailment. The said value of the shipment involved was reported to be \$108,000.00.

SHIPMENT PARTICULARS:

Shipment: 1) 60 Pallets or 240 Cartons of Canon Finishers S-1 for Canon
 Copiers (FAULV73-01)
 2) 60 Pallets or 240 Cartons of Canon Finishers S-1 for Canon
 Copiers (FAULV73-02)

Invoice: SK-06 50170, dated March 26, 2006
 Amount: US \$215,380.80



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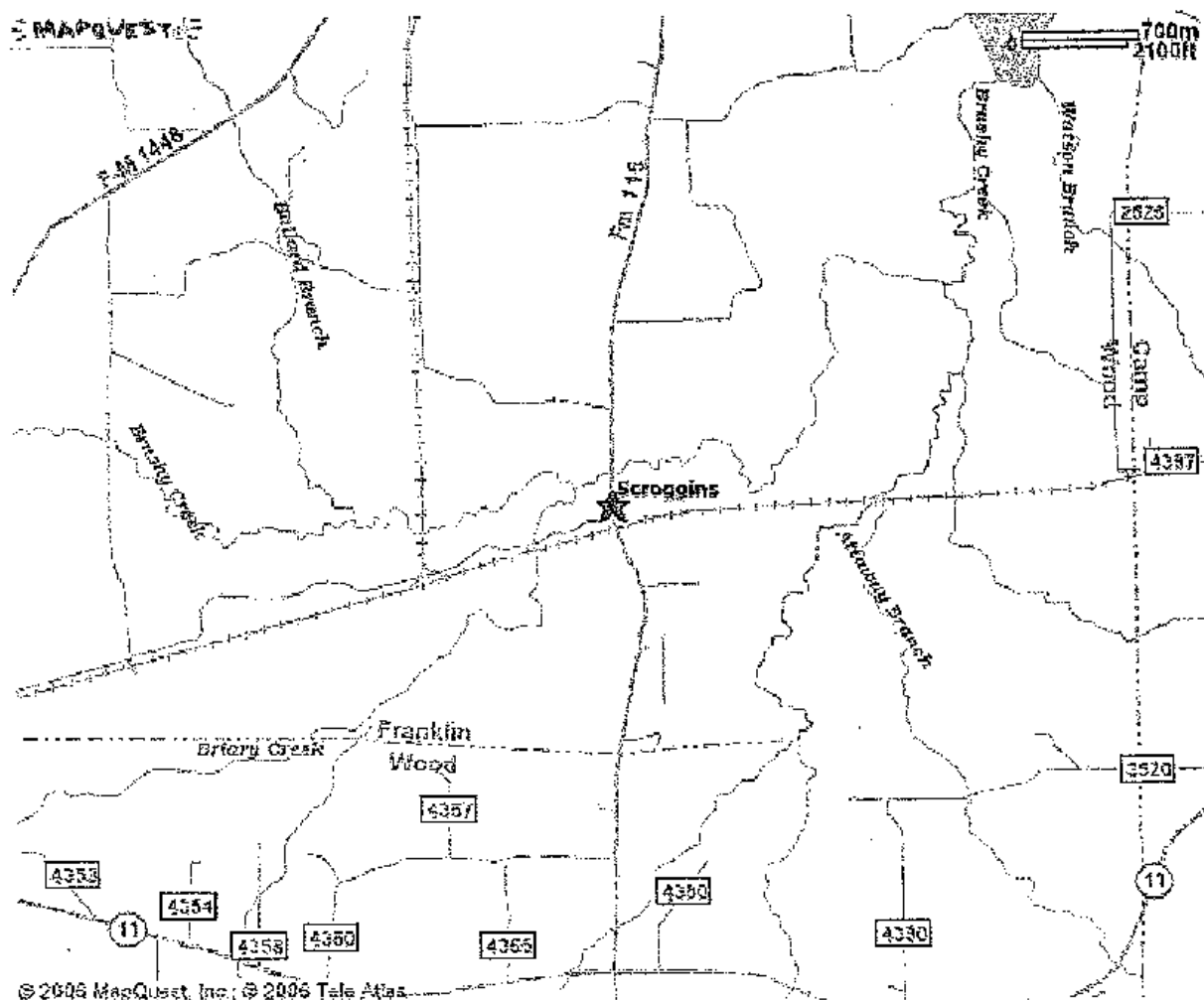
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Shipper: Canon Finetech Industries Development Co., Ltd.
Bldg. No. 3, Crown Estate
Che Gong Miao Industrial District
Shenzhen, China

Consignee: Canon USA, Inc.
Los Angeles Office
15955 Alton Parkway
Irvine, CA 92618

TRANSIT DETAILS:

The above shipment (in 2 steel containers) was laden onboard M/V "OOCL NINGBO" V-17E12 on March 26, 2006 and carried to Long Beach, California. They arrived on April 10, 2006 and were loaded on BNSF rail cars for carriage to Atlanta, Georgia. During the voyage, a derailment reportedly occurred on April 18, 2006 on the KCS tracks in the area of Scroggins, Texas.





This area is about 100 miles West of Dallas, Texas in the Northeastern part of the state of Texas. Details of the clean-up and accident have not been revealed; however, we are aware of heavy rains that fell in the area subsequent the accident date that may affect the cargo involved and exposed to the elements. Container No. NYKU 8214688 was reportedly part of the trail of cars involved, in which case it was necessary for the cargo to be transferred into a van pulled by a truck for carriage to a warehouse in Atlanta, Georgia.

SURVEY / INVESTIGATION FINDINGS:

Attendance Date and Location:

May 11 & 12, 2006 at 5305A Fulton Industrial Boulevard (Warehouse)
Atlanta, Georgia

Parties in Attendance:

- May 12, 2006 – David Shoemaker of Duncan Shoemaker & Assoc. for NYK Lines

Narrative:

We inspected the above shipment on the above dates, which had been reported by the carriers as being involved in a derailment in Texas. A warehouse at the above address had been rented by the Railroad as a staging area and inspection area for the cargo of concern and other cargo involved and forwarded.

Warehouse personnel, under the instructions of the Railroad, separated the cartons of this shipment as it was stripped from the delivering van. Accordingly, they set fairly strict requirements for two stacks of cargo.

Stack One: No dents, creases and/or appearing un-damaged.

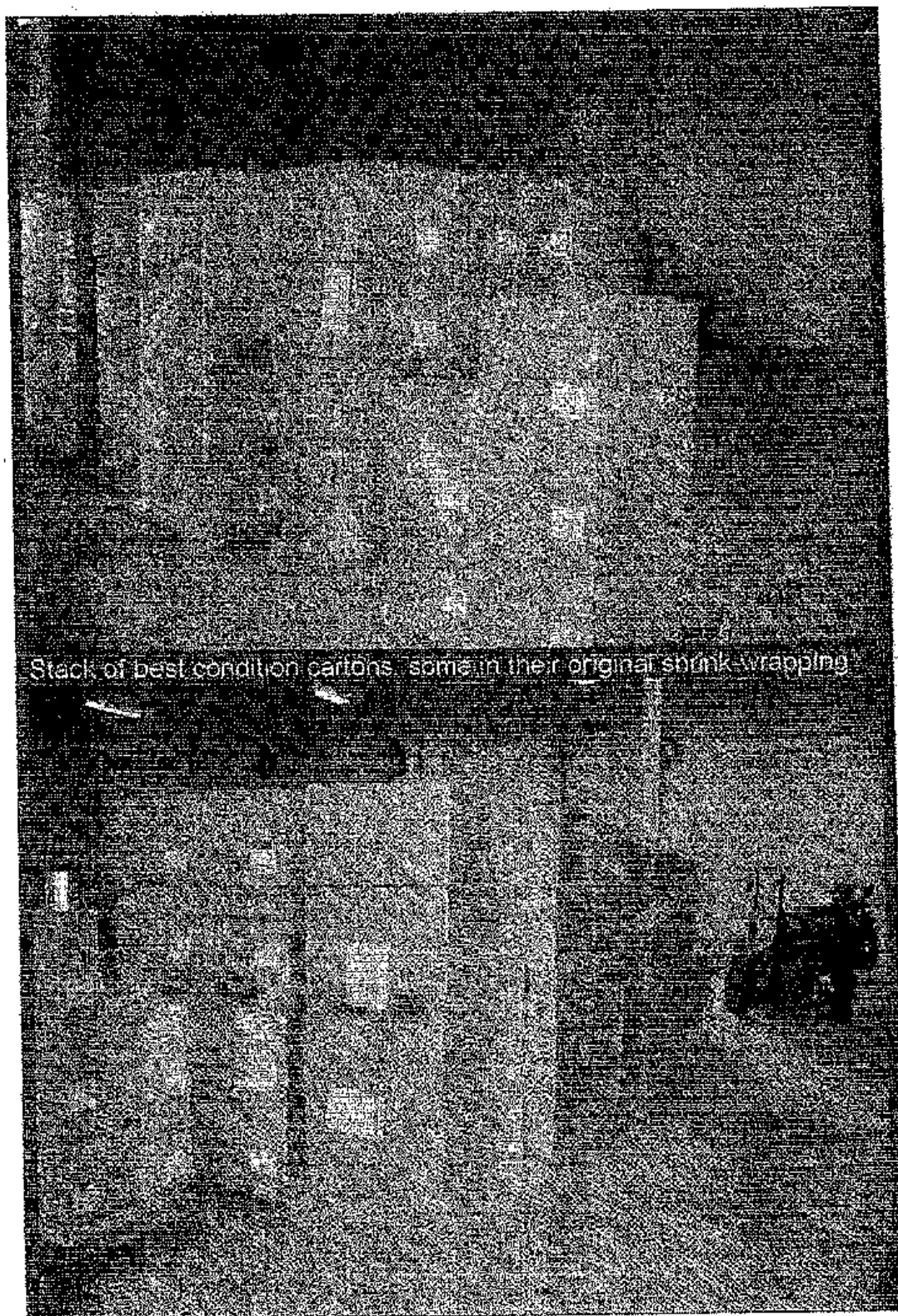
Stack Two: Any dents or creases at all on a carton would qualify it to be placed in the second stack.

Our inspection found that they seemed to be fairly consistent with this and found very little or no damages to one stack, and slight dents to severely crushed cartons in the second stack. Our count of the two stacks noted 101 cartons in the best condition stack, and 137 cartons in the worst condition stack, or a total of 238 cartons. The number of cartons ex this container was found to be 240 as indicated above. Thus, two cartons or units are unaccounted for.



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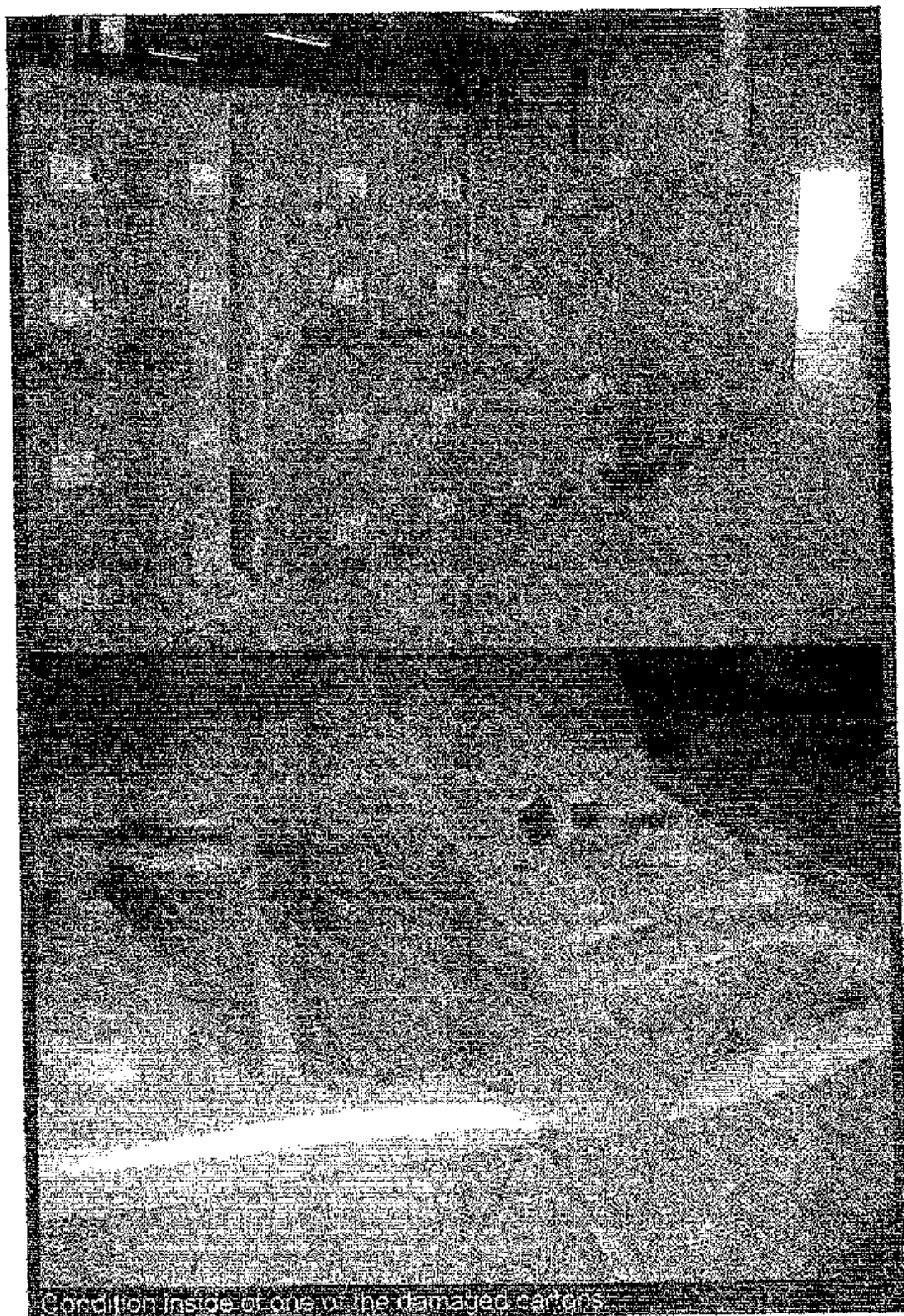


Stack of best condition cartons, some in their original shrink-wrapping



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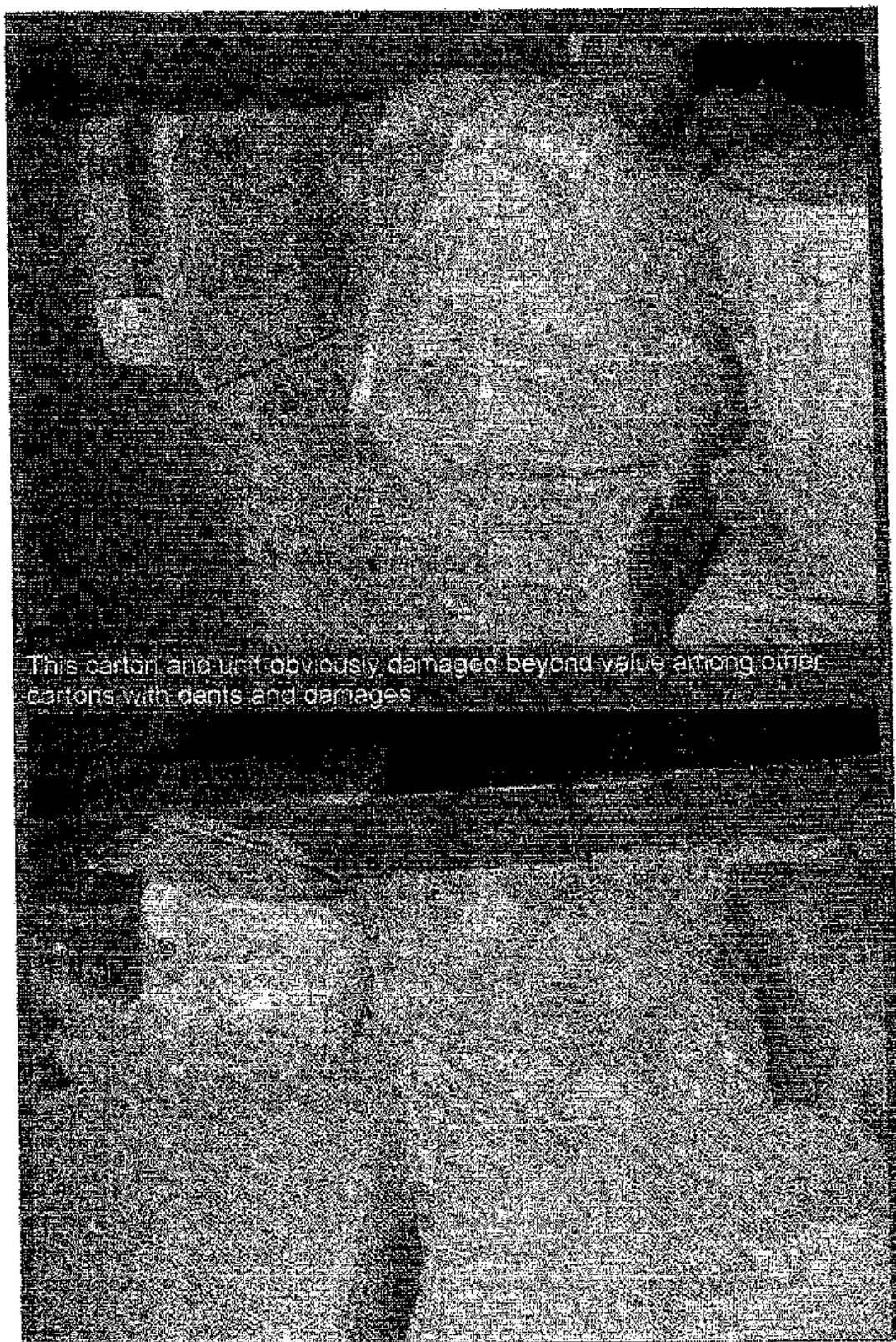


Condition inside of one of the damaged cartons



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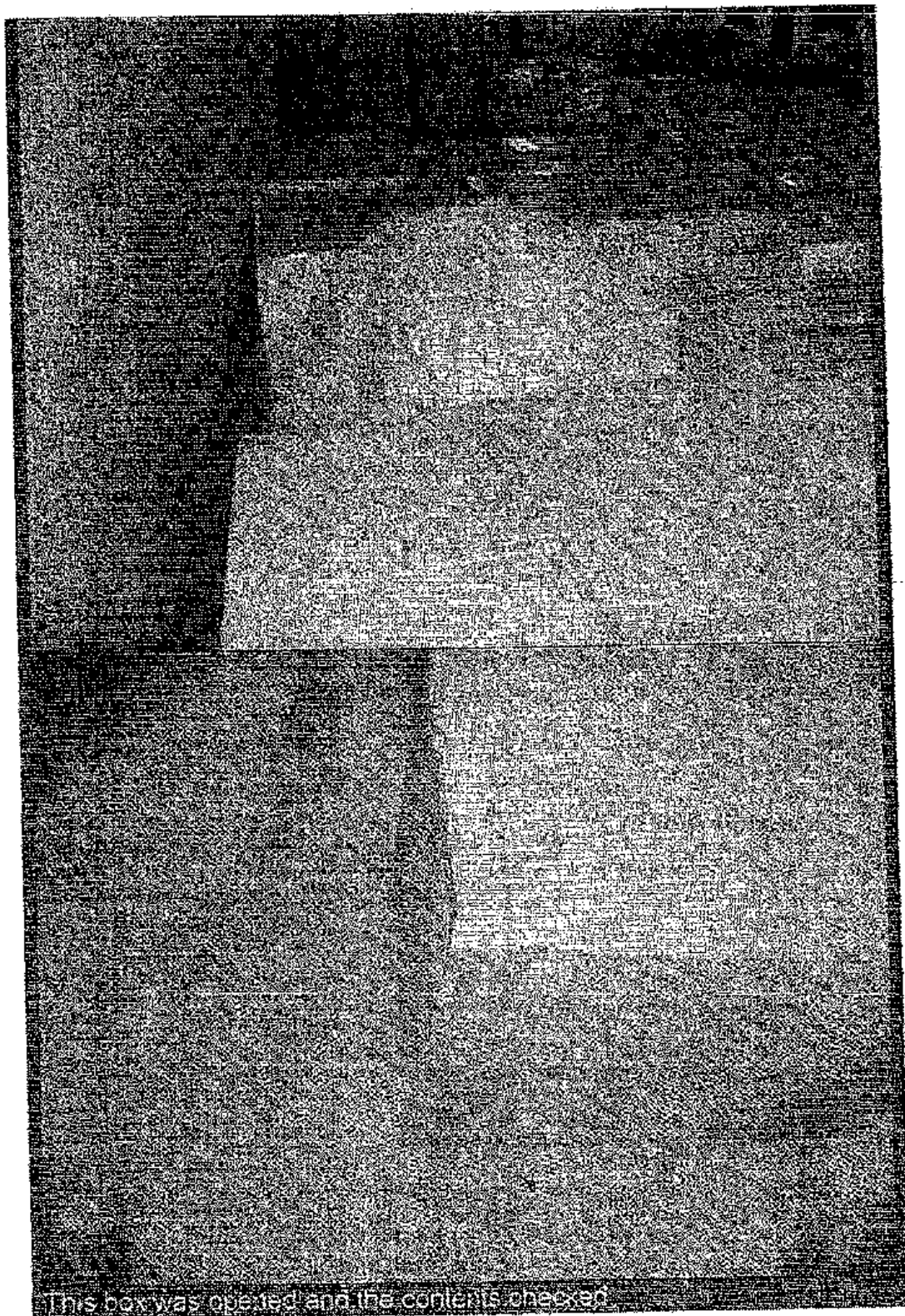


This carton and unit obviously damaged beyond value among other cartons with dents and damages



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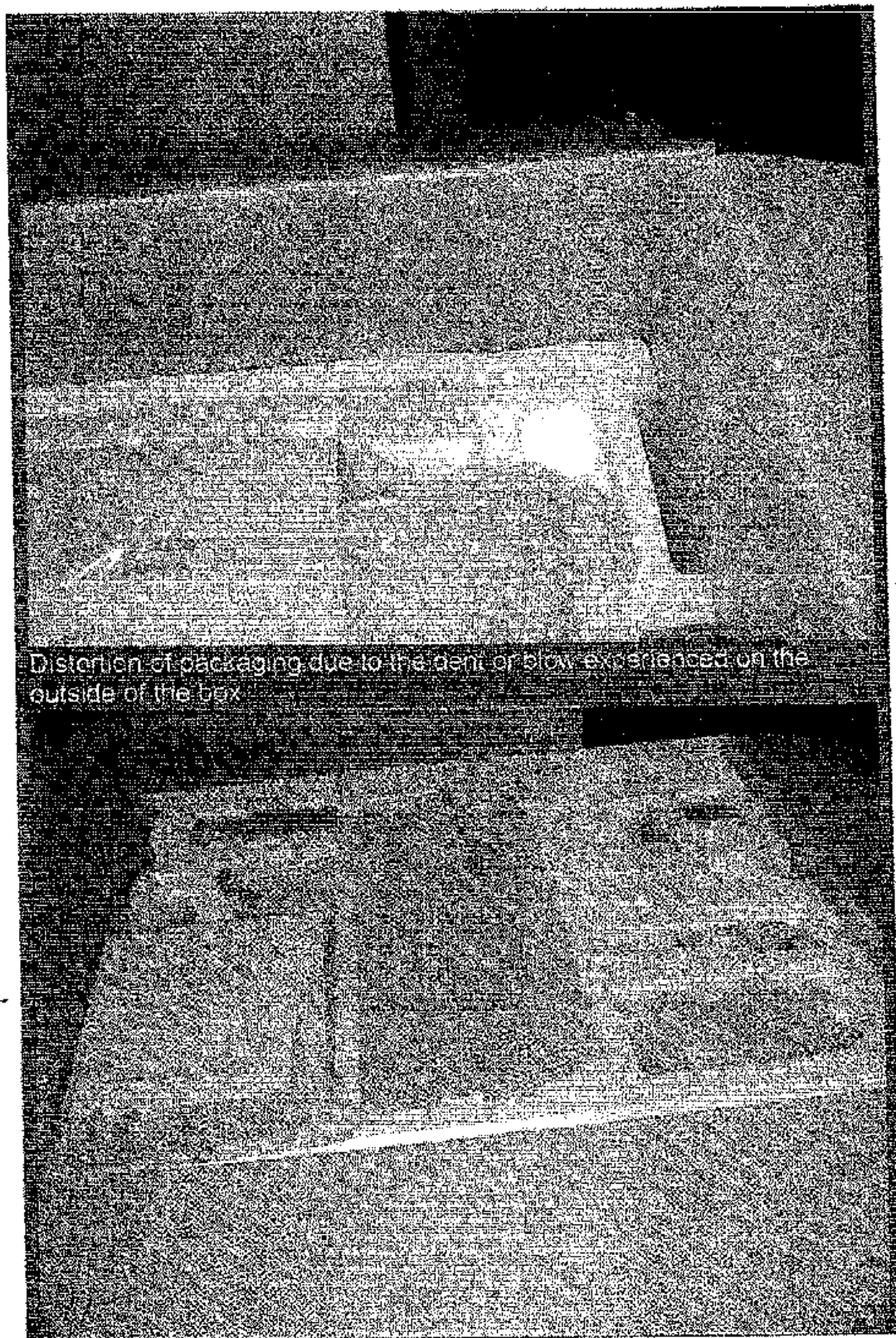


This box was opened and the contents checked



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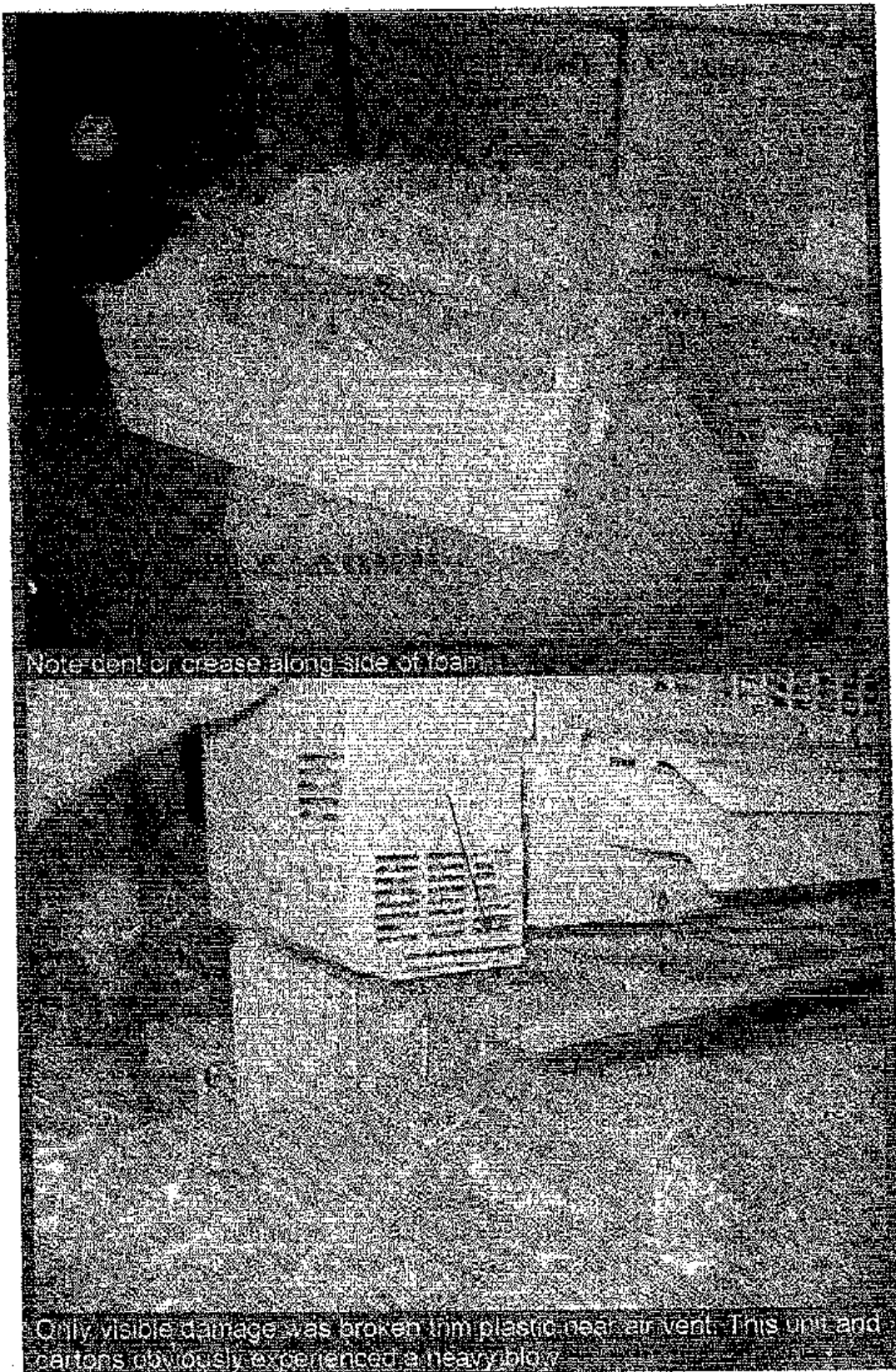


Distortion of packaging due to the dent or blow experienced on the outside of the box



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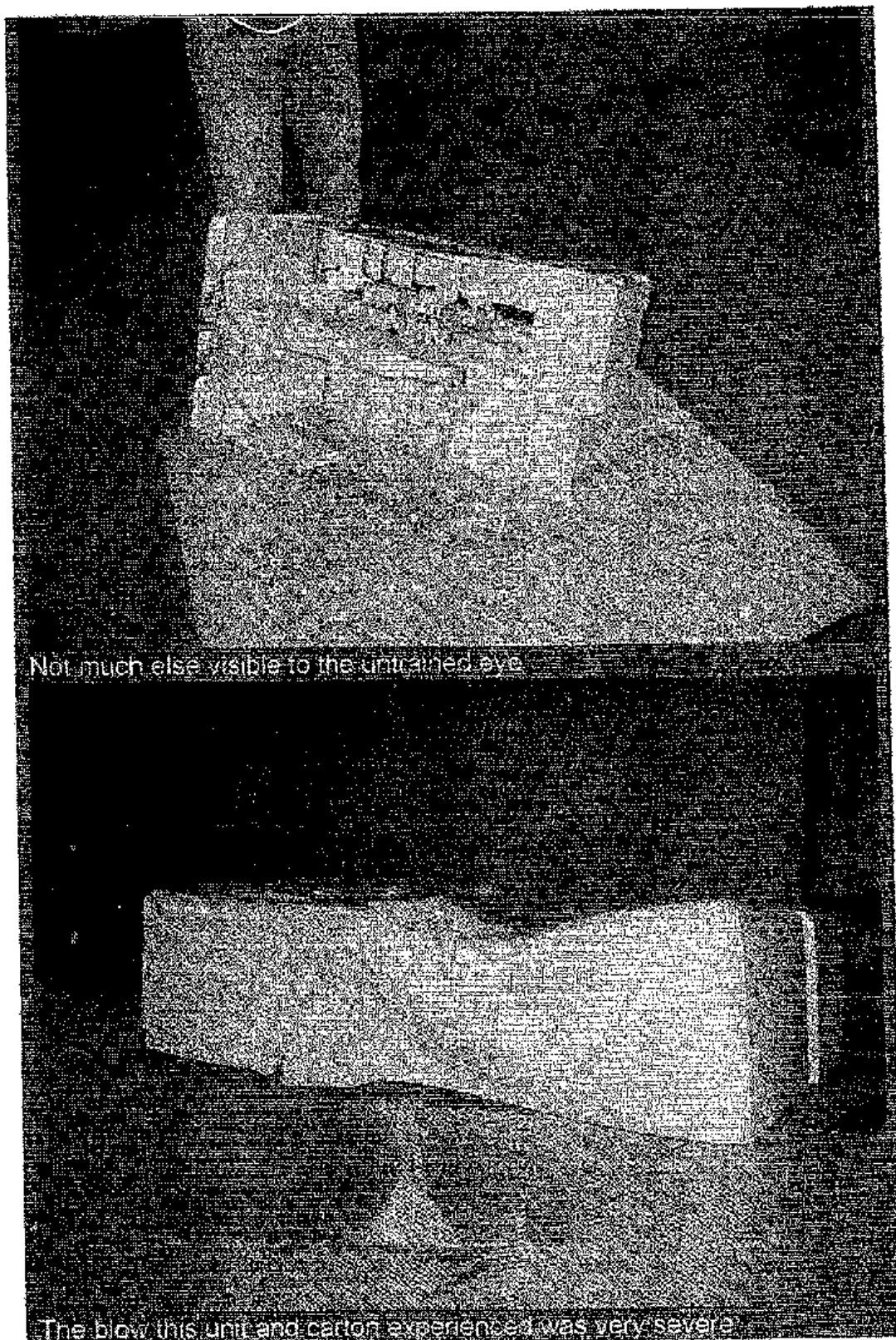
Note dent or crease along side of foam

Only visible damage was broken thin plastic near air vent. This unit and cartons obviously experienced a heavy blow



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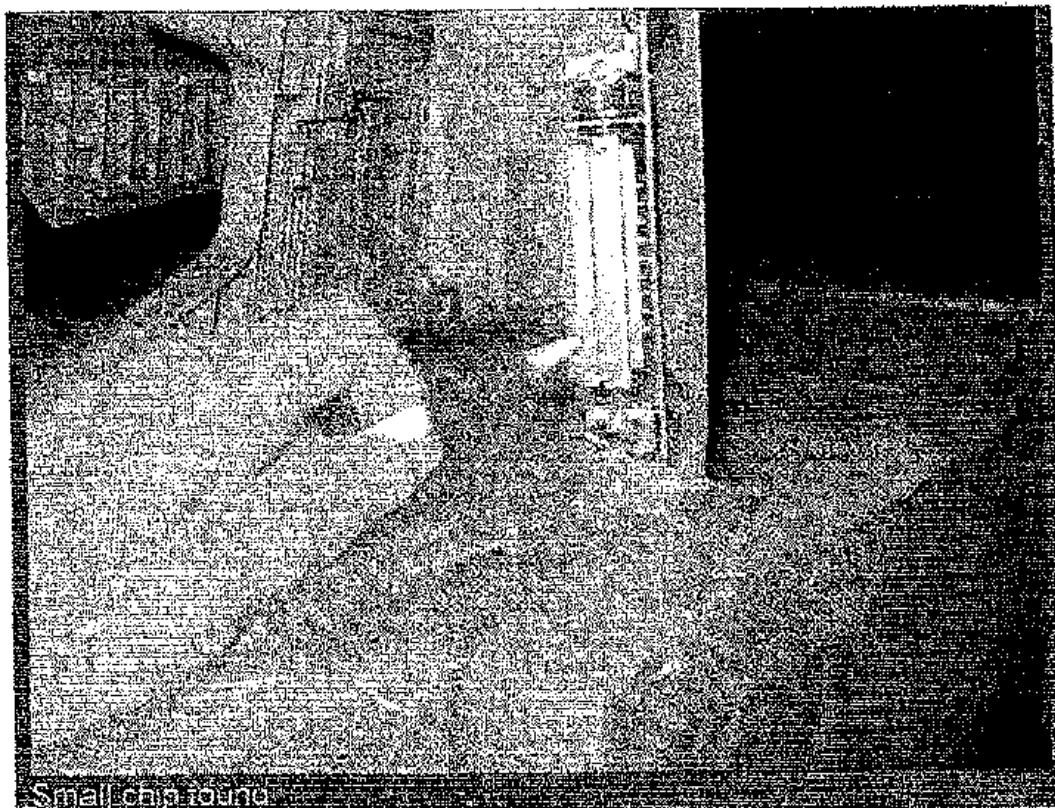
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According to the rail representatives, the derailment occurred at track speed, which could have been from 50 to 60 miles an hour. Thus, even the sound appearing boxes experienced extreme forces during the derailment.

Also given the conditions of the cartons, it seems that this particular container was torn open at some place exposing the contents. There also seems to be evidence that many of the worst cartons were wetted, thus indicating all were left to the elements, wholly or partially with some cover. Those that are in the best condition stacks obviously experienced severe forces, but due to their location and the method of stowage in the container no outward signs of stress to the packaging were seen.

Following our inspection, Canon representatives had the copiers delivered to their facility, to which they conducted an inspection and found that 139 units of the above were beyond repair and considered a CTL. We consulted the surveyor for the carrier and accordingly, he and this writer agreed with Canon's findings.

DISPOSITION:

The damaged copiers were left with Canon, who reports to be destroying the items, which really means they will recycle the scrapped parts. This is usually done at little or no cost by the "Green" facilities, as the work is very laborious.



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SUMMARY OF THE LOSS:

The extent of loss can be summarized as follows, subject to the terms and conditions of the policy of insurance:

Bill of Lading No.	NYKS479204457
Shipment:	240 Canon Finishers/Copier
Container No.:	NYKU 8214688
SMV:	\$448.71
Quantity Sound:	101 sound
Quantity Damaged:	139 damaged or missing
Type of Damage:	Physical damage and water damage
Disposition:	Cargo was considered a CTL and left with the Assured for their disposal.

CAUSE OF DAMAGE:

It is our opinion the shipment sustained severe unexpected forces similar to a train derailment, which would have possibly exposed much of the cargo to the elements, crushing forces, etc.

RECOVERY TABLE:

Name of Carrier:	BNSF Rail Lines
Notified:	May 26, 2006
Response:	Railroad representatives were very aware of the accident.

All our actions in this matter are without prejudice and subject to the terms and conditions of the Policy of Insurance.

VeriClaim, Inc.

Patrick O. Davidson
Senior Marine Surveyor

Houston, Texas
July 12, 2006
ATL/06 243850/TMS/POD
POD/apc